

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: U S WEST COMMUNICATIONS, INC., n/k/a QWEST CORPORATION	DOCKET NOS. INU-00-2 SPU-00-11
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**FINAL STATEMENT REGARDING QWEST
CORPORATION'S COMPLIANCE WITH 47 U.S.C. §§ 271
AND 272 REQUIREMENTS**

(Issued June 12, 2002)

On February 10, 2000, the Utilities Board (Board) issued an order initiating an investigation relating to the possible future entry of U S WEST Communications, Inc., n/k/a Qwest Corporation (Qwest), into the InterLATA market. The investigation was identified as Docket No. INU-00-2.

In a filing dated May 4, 2000, Qwest encouraged the Board to consider a multi-state process for purposes of its review of Track A (competition issues),¹ various aspects of each item on the fourteen-point competitive checklist, section 272 (separate subsidiary) issues and public interest considerations. The Board considered the concept of a multi-state process for purposes of its review of a Qwest application to provide in-region, InterLATA services, sought comment, and subsequently issued an order dated August 10, 2000, indicating that its initial review of Qwest's compliance with the requirements of 47 U.S.C. § 271 would be through

¹ See, 47 U.S.C. § 271(c)(1)(A).

participation in a multi-state workshop process with the Idaho Public Utilities Commission, North Dakota Public Service Commission, Montana Public Service Commission, Wyoming Public Service Commission, and the Utah Public Service Commission. Since the time of its order, the New Mexico Public Regulation Commission also joined in the workshop process.

The multi-state workshop process was successful in narrowing and resolving many of the section 271 issues that did not require state-specific information. Following evidentiary workshops, which included a total of 38 hearing days, The Liberty Consulting Group (Liberty)² issued a total of five separate reports containing proposed decisions for each of the checklist items. As specified by the Board, following the filing of each of the reports by Liberty, participants were permitted to file comments or briefs addressing the issues that remained in dispute.³ Following the issuance of each of the individual reports, the Board reviewed the record, the report filed by Liberty, and the post-report filings before issuing a conditional statement on each of the checklist items. Each of the conditional statements contained a determination of the issues remaining at impasse.

In August of 2000, a collaborative process was initiated with eleven of the fourteen Qwest state public service commissions participating. The process was known as the Post-Entry Performance Plan (PEPP) collaborative. Between October

² The Liberty Consulting Group (Liberty) was retained to assist the state commissions collectively by making recommendations for resolution of impasse issues.

of 2000 and May of 2001, five separate multi-day workshops were convened, numerous conference calls were placed, and a large quantity of information, proposals, and supporting data were exchanged and reviewed in an attempt to create a "consensus plan."

The PEPP collaborative ended in May of 2001 when Qwest representatives indicated a reluctance to continue with further meetings in the current format, expressing a belief that no further consensus could be reached. A final collaborative summary was prepared by MTG Consulting (MTG) and the National Regulatory Research Institute (NRRI) and distributed on June 5, 2001. This summary document contained a list of agreements that had been reached through the collaborative process as well as a list of unresolved issues.⁴

A telephonic procedural conference was held on August 3, 2001, by Liberty to discuss the possibility of utilizing the multi-state checklist compliance proceedings (seven state commissions were at that time participating) to consider the section 271-affecting aspects of the performance assurance plan that Qwest intended to file in each state. Ultimately, the seven multi-state workshop states became a nine-state workshop collaborative, with the Washington Utilities and Transportation Commission and the Nebraska Public Service Commission joining the effort.

³ See, Process For Evaluation of Impasse Issues, Performance Assurance Plan, and Updated SGAT, issued August 15, 2001, p. 2.

⁴ This "Final Collaborative Summary" can be viewed at http://www.nrri.ohio-state.edu/oss/Post271/Post271/final_report.pdf.

Procedures were established to allow all participants to file comments and testimony in response to the proposed Qwest performance assurance plan (QPAP), which was filed on or about July 16, 2001, in substantially the same form with all nine collaborating state commissions. Qwest was then permitted to file pre-hearing responses to those comments.

Hearings were scheduled and held during the weeks of August 13 and August 27, 2001. Those hearings included direct, rebuttal, and surrebuttal testimony. In all, eleven witnesses testified during seven days of hearings. Following the hearings, briefs and reply briefs were filed and considered by Liberty, culminating in the filing of a sixth report covering public interest and performance assurance plan issues. Again following the same process as was used in evaluating impasse issues related to the checklist items, the Board afforded participants an opportunity to file responsive comments to the Liberty report. It then considered the record, Liberty's report and the post-report filings in making its determinations as outlined in its conditional statements on public interest and the QPAP.

The Board participated in a thirteen-state collaborative effort to evaluate access to Qwest's operational support systems (OSS). KPMG Consulting, Inc. (KPMG) and Hewlett-Packard Consulting (HP) were consultants hired by the Regional Oversight Committee (ROC) for Qwest states to conduct the test of Qwest's OSS. The consultants issued a final report, the culmination of a collaborative effort spanning two and a half years, jointly on May 28, 2002. Information about the ROC

OSS collaborative, including the final report, can be accessed at <http://www.nrri.ohio-state.edu/oss/oss.htm>.

The Master Test Plan for the OSS test included thirteen major testing sections covering 32 specific transaction and process tests for which results are included in the final report. The vendors initiated over 6,500 transactions to exercise Qwest's systems and processes. In addition, KPMG performed over 1,000 field observations of commercial transactions between Qwest and its competitors. During testing, the vendors encountered 497 issues that were documented as observations and exceptions, all of which were investigated and closed. Of the total documented issues, 487 were resolved completely, leaving ten exceptions that were closed/unresolved with some remaining issues not fully resolved. Additionally, a performance measure audit was previously performed by Liberty with results separately published.

Throughout this process the Board has issued a number of conditional statements resolving impasse issues. The following is a comprehensive list of the conditional statements the Board has issued.

- Conditional Statement Regarding March 19, 2001, Report, issued June 22, 2001 – Checklist items 3, 7, 8, 9, 10, and 12.
- Conditional Statement Regarding May 15, 2001, Report, issued October 12, 2001 – Checklist items 1, 11, 13, and 14.
- Conditional Statement Regarding June 11, 2001, Report "Third Report," issued October 31, 2001 – Emerging Services.

- Conditional Statement Regarding August 20, 2001, Report, issued December 21, 2001 – Checklist items 2, 4, 5, and 6.
- Conditional Statement Regarding Public Interest and Track A, issued January 25, 2002.
- Conditional Statement Regarding General Terms and Conditions and Order Regarding Change Management Process Comments, issued March 12, 2002.
- Conditional Statement Regarding 47 U.S.C. § 272 Compliance, issued April 4, 2002.
- Conditional Statement Regarding Qwest Performance Assurance Plan, issued May 7, 2002.
- Conditional Statement Reconsidering Board Conditional Statement Regarding August 20, 2001, Report, issued May 9, 2002 – Enhanced Extended Links (EEL) issue.
- Reconsideration of Conditional Statement Regarding 47 U.S.C. § 272 Compliance, issued May 28, 2002.
- Reconsideration of Conditional Statement Regarding Checklist Item 14: Resale, issued May 28, 2002.
- Reconsideration of Conditional Statement Regarding Checklist Item 13: Reciprocal Compensation, issued May 31, 2002.
- Reconsideration of Conditional Statement Regarding Checklist Item 11: Local Number Portability, issued May 31, 2002.
- Conditional Statement Regarding Change Management Process Compliance, issued June 6, 2002.
- Conditional Statement Regarding Data Reconciliation of Performance Measures in the ROC OSS Test, issued June 6, 2002.
- Order to Consider Unfiled Agreements, issued June 7, 2002 – Relevance of unfilled agreement on the public interest determination.

- Conditional Statement Reconsidering Public Interest, issued June 7, 2002 – Reconsideration of price squeeze argument.
- Reconsideration of Conditional Statement Regarding Qwest Performance Assurance Plan, issued June 7, 2002.
- Conditional Statement Regarding Qwest Communications' OSS Evaluation and Order Closing Inquiry Docket, issued June 10, 2002.

The Board has reviewed the updated statement of generally available terms (SGAT) filed by Qwest on June 10, 2002, and finds it to be in compliance with the conditional statements.

FINAL STATEMENT

The Board is now prepared to indicate that the record establishes that Qwest has adequately addressed the section 271 requirements. The Board will continue to monitor Qwest's performance in the future to prevent backsliding and to ensure that the doors to competition remain open.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 12th day of June, 2002.